

Message Text

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TO AMEMBASSY TOKYO PRIORITY

C O N F I D E N T I A L STATE 258721

EXDIS

FOR LORD FROM BARTHOLOMEW

FOLLOWING REPEAT BRASILIA 8815 ACTION SECSTATE INFO

LIMA SANTIAGO 22 NOVEMBER.

QUOTE

C O N F I D E N T I A L BRASILIA 8815

EXDIS

E.O. 11652: GDS

TAGSC PE, CI, PFOR

SUBJECT: MEETING WITH PERUVIAN FOREIGN MINISTER

REF: QUITO 7061

1. BEGIN SUMMARY. THIS CABLE REPORTS FRIENDLY AND LOW-KEY BUT HARD-HITTING CONVERSATION BETWEEN PERUVIAN FOREIGN MINISTER AND VISITING S/P DELEGATES. MOST INTERESTING CONCEPT WAS PERUVIAN VIEW OF MILITARY EQUILIBRIUM WITH CHILE AND POSSIBLE WILLINGNESS TO CONSIDER DEMILITARIZED ZONE. MOST OMINOUS NOTE WAS THAT POSSIBILITY OF RENEWED
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FISHING BOAT SEIZURES MAY SUGGEST PERUVIANS FEEL THEY NOW

HAVE AN OPEN PIPELINE TO SOVIET UNION AND COULD THEREFORE RISK FMS SUSPENSION ONCE AGAIN. MOST OPTIMISTIC NOTE WAS THAT MEETING WAS AS FRANK AND THOROUGH AS IT WAS, DESPITE WHAT FOREIGN MINISTER DESCRIBED AS "PROFOUND PSYCHOLOGICAL SUSPECTION" OF U.S. END SUMMARY

2. ON NOVEMBER 15 FOREIGN MINISTER DE LA FLOR ASKED LEWIS AND EINAUDI OF S/P TO JOIN HIM IN HIS OFFICE FOR A CONVERSATION THAT LASTED NEARLY THREE HOURS. AMBASSADOR DEAN JOINED THEM DURING FINAL HOUR. ALSO PRESENT WERE FOREIGN MINISTRY SECRETARY GENERAL GARCIA BEDOYA AND PRESS SPOKESMAN FAURA.

3. CONVERSATION STRUCTURED BY DE LA FLOR LARGELY ALONG LINES OF HIS QUITO MEETING WITH ASSISTANT SECRETARY ROGERS REPORTED REFTEL. THIS CABLE THEREFORE REPORTS ONLY HIGHLIGHTS OF NEW MATERIAL.

4. AFTER REPEATING QUITO WARNING OVER DANGER OF POSSIBLE NEW FISHING BOAT SEIZURES (THIS TIME WITHOUT THE CONDITIONING "CLOSE TO SHORE" PHRASE), DE LA FLOR MOVED RAPIDLY TO "POSSIBLE NEW INVESTMENT CONFLICTS," CENTERING HIS REMARKS EXCLUSIVELY ON MARCONA CORP. THE GOP, HE SAID, WAS WORRIED ABOUT LARGE OPERATING DEFICIT REPORTED BY MARCONA IN OCTOBER, A DEFICIT HE SAID APPEARED LIKELY TO BE REPEATED IN NOVEMBER. THE GOP WAS WATCHING SITUATION CLOSELY, BOTH BECAUSE OF POSSIBILITY OF HIDDEN DISINVESTMENT, AND BECAUSE "A COMPANY WITH AN OPERATING DEFICIT DOES NOT MAKE NEW INVESTMENTS, RAISE WAGES, OR OTHERWISE MEET ITS SOCIAL OBLIGATIONS."

5. DE LA FLOR REPEATED EARLIER EXPRESSIONS OF CONCERN OVER POSSIBILITY OF BORDER CONFLICT WITH CHILE, CITING PERU'S OWN INNOCENT INTENTIONS, AND NEED TO REDUCE ENSIONS. MANY OF HIS POINTS WERE OLD HAT, INCLUDING THE ENCIRCLEMENT OF PERU BY POTENTIALLY HOSTILE POWERS, THE EXISTENCE OF A PRESS CAMPAIGN AGAINST PERU, AND ALLEGED U.S. MILITARY FAVORITISM TOWARD CHILE. AMONG
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HE NEWER ELEMENTS INTRODUCED WERE:

--- PERU'S FOREIGN POLICY DID NOT COINCIDE WITH CHILE'S ON MOST MATTERS, BUT CHILE HAD RECENTLY COMPROMISED ON DECISION 24 OF THE ANDEAN PACT. DE LA FLOR SAID HE HAD NO INTEREST IN INTERVENING IN CHILE'S AFFAIRS (WITH THE SOLE EX EPTION OF THE IMPROSONMENT OF ALMEYDA, WHOM HE CONSIDERED A PERSONAL FRIEND);

--- DE LA FLOR SAID HE WAS AWARE THAT PERU HAD BEEN UNABLE TO TAKE FULL ADVANTAGE OF FMS OPPORTUNITIES IN THE PAST BECAUSE OF DELAYS AND MISTAKES ON PAPERWORK FOR WHICH PERUVIANS HELD THEMSELVES RESPONSIBLE. BUT, HE ADDED, U.S. FAVORITISM TOWARD CHILE WAS DEMONSTRATED BY THE FACT THAT CHILEANS ALSO HAD MADE MISTAKES, YET STILL OBTAINED U.S. ARMS ANYWAY;

--- IN RESPONSE TO A COMMENT BY LEWIS THAT, OBJECTIVELY, THE ARMS EQUILIBRIUM NOW FAVORED PERU OVER CHILE, DE LA FLOR ANSWERED SHARPLY THAT, ON THE CONTRARY, THERE WAS NOW A TRUE EQUILIBRIUM FOR THE FIRST TIME IN A CENTURY. THE FACT WAS THAT THE BALANCE OF FORCES WHERE IT COUNTED -- IN THE BORDER AREA -- HAD ALWAYS FAVORED CHILE, AND THAT PERU HAD ALWAYS BEEN VIRTUALLY NAKED IN THE SOUTH. ALL PERU HAD DONE NOW WAS TO ESTABLISH A GENUINE DEFENSIVE POSTURE FOR THE FIRST TIME;

--- EVEN IF PERU DID IN FACT HARBOR AGGRESSIVE INTENTIONS TOWARD CHILE, IT WOULD BE STRATEGICALLY ABSURD FOR PERU TO INITIATE HOSTILITIES GIVEN ITS EXPOSED FLANKS TO BRAZIL;

--- IN RESPONSE TO LEWIS' COMMENT THAT THE MIDDLE EAST SITUATION DEMONSTRATED THAT MATTERS OF WAR AND PEACE DEPENDED ULTIMATELY ON THE BEHAVIOR OF THE PARTIES DIRECTLY CONCERNED, AND THAT U.S. EXPERIENCE IN NEGOTIATING ON ARMS MATTERS WITH THE SOVIET UNION DEMONSTRATED THE EXTREME DIFFICULTY OF REACHING CONCRETE ACCORDS IN AN ATMOSPHERE OF ABIDING MUTUAL SUSPICION, DE LA FLOR REITERATED HIS INTENT TO IMPLEMENT PRESIDENT CELASCO'S MORATORIUM INITIATIVE AND TO UNDERTAKE

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INCREASED BILATERAL CONTACTS WITH THE CHILEANS, MOST NOTEWORTHY NEW ELEMENT, PERHAPS PRODUCED IN RESPONSE TO OUR GENERAL SKEPTICISM, BUT NOT REPEATED NOT SUGGESTED BY US, WAS DE LA FLOR'S SUGGESTION THAT SOME FORM OF DISENGAGEMENT ALONG THE BORDER MIGHT BE USEFUL, PERHAPS IN THE FORM OF A DEMILITARIZED ZONE.

6. THE DISCUSSIONS OF PERUVIAN RELATIONS WITH CHILE LED NATURALLY INTO THE UNDERLYING QUESTION OF OPPONENTS OF THE PERUVIAN REVOLUTION WHO MIGHT BE CREATING A WAR SCARE SO AS TO WEAKEN THE GOVERNMENT, OR EVEN BRING IT DOWN. DE LA FLOR SAID REMNANTS OF THE OLIGARCHY AND THE DISPLACED POLITICAL CLASS WERE BEING EGGED ON BY ECONOMIC INTEREST GROUPS AFFECTED BY THE REVOLUTION. THE GOVERNMENT WAS AWARE THAT THE U.S. NOW ACCEPTED THE

REVOLUTION, BUT FELT THAT MANY MULTINATIONAL CORPORATIONS HAD NOT. ONE INDICATION WAS THE PRESS CAMPAIGN AGAINST PERU. A MAJOR CAMPAIGN, REMINISCENT OF THE EARLY MONTHS OF THE CUBAN REVOLUTION, HAD BEEN MOUNTED BY THE INTER-AMERICAN PRESS ASSOCIATION, WITH STRONG SUPPORT FROM U.S. WIRE AGENCIES, PARTICULARLY AP, TO PORTRAY PERU AS A MILITARIST POWER, AND WORSE, AS COMMUNIST. THIS DISQUISITION LED INTO A LENGTHY DISCUSSION OF THE DIFFICULTIES OF CONTROLLING THE PRESS, INCLUDING AMONG OTHER THINGS, RECENT DIFFICULTIES U.S. AUTHORITIES HAD HAD WITH OUR PRESS. DE LA FLOR AGREED THAT THE CAMPAIGN AGAINST CHILE IN THE PRESS WAS FAR MORE SYSTEMATIC THAN WAS CRITICISM OF PERU, BUT COUNTERED THAT WHILE THE PERUVIAN PRESS HAD BEEN ATTEMPTING TO DAMPEN WAR SPECULATION, THE CHILEAN PRESS WAS REPRINTING ARTICLES AGAINST PERU AND CREATING A WAR PSYCHOSIS.

7. DE LA FLOR THEN SAID THAT THE "PSYCHOLOGY OF SUSPICION" WAS THE MAJOR PROBLEM IN U.S.-PERUVIAN RELATIONS. THE PEACE CORPS ISSUE WAS A GOOD EXAMPLE. DE LA FLOR SAID THE DECISION TO TERMINATE THE PEACE CORPS WAS, PERHAPS, AN OVER-REACTION, FOR WHICH PERU WOULD ULTIMATELY PAY A PRICE IN SOME FORM. BUT THE ATMOSPHERE OF SUSPICION WAS SUCH THAT IT WAS ON BALANCE WISE FOR THE VOLUNTEERS TO LEAVE, EVEN
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RECOGNIZING THE PERSONAL HARDSHIPS THIS WOULD WORK ON SOME IDEALISTIC INDIVIDUALS. THE GOP, HOWEVER, HAD DOWNPLAYED THE ISSUE, AND HAD DELAYED ANY OFFICIAL STATEMENT. IN THE CONTEXT OF THE PRESS CAMPAIGN AGAINST PERU, IT WAS SIGNIFICANT THAT (1) THE NEWS HAD BROKEN IN WASHINGTON, NOT LIME, AND (2) THAT MOST WIRE SERVICES, PARTICULARLY UPI, LINKED THE PEACE CORPS STORY PROMINENTLY TO THE CIA, THEREBY HEAPING FUEL ON THE FIRE OF SUSPICION. PERU HAD HAD AN UNHAPPY EXPERIENCE IN THIS REGARD (DE LA FLOR POINTEDLY MENTIONED THE 1969 PLANT PROTECTION CASE), BUT HAD NO INTEREST IN VENTILATING THIS MORE THAN NECESSARY. PRESIDENT VELASCO HAD MENTIONED THE 1969 DIFFICULTIES AT HIS PRESS CONFERENCE TO DEMONSTRATE THAT THE CIA WAS UNDER CONTROL. DE LA FLOR IMPLIED THE PRESIDENT HAD NO INTENTION OF COMMENTING FURTHER ON THE MATTER NOW.

8. DE LA FLOR SAID THE SECRETARY'S RESPONSIVENESS ON CCC CREDITS FOR WHEAT HAD BEEN VERY WELL RECEIVED, AND COMMENTED ON FAVORABLY WITHIN THE CABINET. HE MADE A STRONG PITCH FOR FURTHER ASSISTANCE IN WHEAT OR GRAINS

IN GENERAL, WHETHER CORN, SOYBEANS, ETC.

9. DE LA FLOR CONCLUDED DY SAYING THAT USDEL DECISION
TO MEET WITH ANDEAN PACT LEADERS WAS A WELC
ME SIGN OF
THE "NEW ATTITUDE" BEING DEMONSTRATED AS A RESULT OF
HE NEW DIALOGUE.

10. COMMENT: CHILE-IERU QUESTION WILL BE REVIEWED
IN SEPTTEL.
CRIMMINS UNQUOTE INGERSOLL

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